GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:823
ANSWERED ON:22.11.2002
HIKE IN FDI LIMIT
ASHOK KUMAR PATEL;M.H. AMBAREESH;PADAMSEN CHAUDHARY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Group of Ministers headed by the Finance Minister to chart out a roadmap for further liberalizing the Foreign Direct Investment regime has taken any decision on hiking the FDI limit in some sectors;

(b) if so, the details thereof;

(c) whether the Government also propose to relax norms for foreign participation in joint ventures in the aviation sector;

(d) if so, the details thereof; and

(e) the measures taken by the Government to secure the national interest before opening the aviation sector for joint venture?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a)&(b): The Group of Ministers (GOM) on Foreign Direct Investment (FDI) reviews the sectoral policies on FDI, including sectora caps, to decide necessary changes. The Steering Committee on FDI set upby the Planning Commission in the context ofthe10th Five Year Plan has submitted its report which is presently under consideration of the GoM on FDI. The Report, inter alia, has made recommendations for raising/removal of FDI caps in certain sectors, strengthening of institutional framework for FDI and simplification of entry/exit norms.

(c)to(e) : Recommendations of the Steering Committee also include the Civil Aviation sector, where the Committee has recommended that the foreign equity cap be raised from 40% to 49% and foreign airlines allowed to invest within this cap. This, along with other proposals, is under consideration of the Group of Ministers on FDI. All relevant factors, including national security interests, would be taken into account while considering these proposals.